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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-83-08**

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**IN THE MATTER OF  
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

**and**

**An Application by FortisBC Inc.  
Request for Extension of Filing Dates of Cost of Service Study and Rate Design Application**

**BEFORE:** A.J. Pullman, Commissioner May 22, 2008  
N.F. Nicholls, Commissioner

**O R D E R**

**WHEREAS:**

- A. Commission Order No. G-115-07 directed FortisBC Inc. ("FortisBC", "the Company") to file a Cost of Service ("COS") study by June 30, 2008 and a Rate Design Application ("RDA") by September 1, 2008; and
- B. By letter dated April 7, 2008, FortisBC requests a six month delay in filing its COS study and RDA; and
- C. FortisBC, in its April 7, 2008 letter, submits that Bill 15 – The Utilities Commission Amendment Act, 2008 ("Bill 15") and the Residential Inclining Block Rate Application ("RIB Application") of British Columbia Hydro and Power Authority ("BC Hydro") potentially have an impact on FortisBC's COS study and RDA; and
- D. In a letter dated May 1, 2008, the Commission requested comments from interested parties on the FortisBC request by May 9, 2008; and
- E. Three parties formally responded to the Commission letter: the British Columbia Old Age Pensioners Organization *et al.* ("BCOAPO"), Richard Tarnoff on behalf of the Natural Resource Industries and Hedley Improvement District (collectively, "Natural Resource Industries"), and the City of Penticton ("Penticton", "the City"); and
- F. BCOAPO and Natural Resource Industries support the FortisBC request; and
- G. In a letter dated May 9, 2008, Penticton submits that it is currently involved in negotiations with FortisBC, that a key part of the negotiation is the rate that FortisBC would charge the City for supply at transmission voltage, and that it opposes a delay in the COS filing. Penticton takes no position as to whether FortisBC should be granted an extension for filing its RDA; and

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- H. In a letter dated May 14, 2008 FortisBC states that it has provided to the City preliminary COS results using historic methodologies as well as alternatives being considered by FortisBC, and submits that its stakeholders would be prejudiced if it did not have adequate time to consider and adapt its COS study to Bill 15 and to undertake adequate stakeholder consultation; and
- I. In its May 14 letter, FortisBC reiterates its request for a six month extension of the filing schedule established by Order No. G-115-07 or, in the alternative, if the Commission denies a six month extension, that the schedule be amended to allow the Company to file a draft COS study by June 30, 2008, file a final COS study by September 30, 2008 after consulting with stakeholders and, after Commission approval of the COS study, file the associated RDA within 60 days of such approval; and
- J. The Commission has reviewed the submissions of FortisBC, BCOAPO, Natural Resource Industries and Penticton and, for the reasons attached as Appendix A, concludes it would be appropriate to allow FortisBC additional time to file its COS study and RDA but that a six month delay is unnecessarily long, and that FortisBC's alternative request leaves the timing of filing the RDA uncertain and potentially unnecessarily delayed as well.

**NOW THEREFORE** the Commission orders that Order No. G-115-07 is amended such that the date by which FortisBC is directed to file a COS Study is September 30, 2008, and by which it is directed to file its RDA is December 31, 2008.

**DATED** at the City of Vancouver, in the Province of British Columbia, this      22<sup>nd</sup>      day of May 2008.

BY ORDER

*Original signed by:*

Anthony J. Pullman  
Commissioner

Attachment

FortisBC Inc.  
Request for Extension of Filing Dates of Cost of Service Study and Rate Design Application

**REASONS FOR DECISION**

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Commission Order No. G-115-07 directed FortisBC Inc. (“FortisBC”, “the Company”) to file a Cost of Service (“COS”) study by June 30, 2008 and a Rate Design Application (“RDA”) by September 1, 2008. By letter dated April 7, 2008, FortisBC submits that Bill 15 – The Utilities Commission Amendment Act, 2008 (“Bill 15”) and the Residential Inclining Block Rate Application (“RIB Application”) of British Columbia Hydro and Power Authority (“BC Hydro”) potentially have an impact on FortisBC’s COS study and RDA. Consequently FortisBC, in its April 7, 2008 letter, requests a six month delay in filing its COS study and RDA.

In a letter dated May 1, 2008, the Commission requested comments from interested parties on the FortisBC request by May 9, 2008. Three parties formally responded to the Commission letter and, of those three respondents, two (British Columbia Old Age Pensioners Organization *et al.* and Richard Tarnoff on behalf of the Natural Resource Industries and Hedley Improvement District) support the FortisBC request.

In a letter dated May 9, 2008, the City of Penticton (“Penticton”, “the City”) submits that it is currently involved in negotiations with FortisBC regarding the construction of and responsibility for a new substation to supply the City and that a key part of the negotiation is the rate that FortisBC would charge the City for supply at transmission voltage. The City submits that a new COS study would be available, when filed, to gauge the fairness of any rate that might apply to the City. Penticton further submits that the impact of Bill 15 on the COS study would be minor and opposes the need for a delay in the COS filing. Penticton takes no position as to whether FortisBC should be granted an extension for filing its RDA.

FortisBC provides its responses to the City’s submissions in a letter dated May 14, 2008. In its letter, the Company states that it has provided to the City preliminary COS results using historic methodologies as well as alternatives being considered by FortisBC. FortisBC further submits that its stakeholders would be prejudiced if the Company did not have adequate time to consider and adapt its COS study to Bill 15 and to undertake adequate stakeholder consultation. FortisBC also argues that the law in British Columbia relating to principles of revenue-to-cost ratios and COSA and RDA as they relate specifically to BC Hydro “...and perhaps on a principled basis to other utilities has changed significantly in the past two weeks”. FortisBC submits that it is prudent to have adequate time to consider the implications of the change of law, wait for any clarification or

interpretation of the law on Orders from the Commission, implement any necessary changes into the COS study and adequately consult with its customers before finalizing the study.

In its May 14 letter, FortisBC reiterates its request for a six month extension of the filing schedule established by Order No. G-115-07, and further requests that, if the Commission denies a six month extension, the schedule be amended to allow the Company to file a draft COS study by June 30, 2008, file a final COS study by September 30, 2008 after consulting with stakeholders and, after Commission approval of the COS study, file the associated RDA within 60 days of such approval.

#### Commission Determination

The Commission Panel has considered the request of FortisBC for a six month extension to the filing deadlines established by Order No. G-115-07 and the alternative request set out in FortisBC's May 14, 2008 letter. The Commission Panel has also considered the submissions of interested parties, including that of the City of Penticton.

In the view of the Commission Panel, a six month delay is unnecessarily long, particularly given the potential implications for FortisBC's negotiations with Penticton, and further considers that FortisBC's alternative request leaves the timing of filing the RDA uncertain and potentially unnecessarily delayed as well. While a draft COS study may be of value to FortisBC in furthering its consultations with customers and Penticton, the Commission Panel is not persuaded that formal filing of a draft COS study with the Commission will increase the efficiency of the process.

However, the Commission Panel does see some merit in FortisBC's request for an opportunity for further analysis of current policy and regulatory developments and for consultation with its ratepayers. Therefore, the Commission Panel amends the deadlines in Order No. G-115-07 such that FortisBC is directed to file its COS study by September 30, 2008. In addition the Commission Panel notes that Order No. G-115-07 did not envisage that it would review and approve the COS study prior to FortisBC filing its RDA and is not convinced that any benefit would accrue from such an arrangement. Accordingly the Commission Panel directs FortisBC to file its Rate Design Application by December 31, 2008.